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MARKET ANALYSIS - March 25, 2004

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Since I last wrote, soybean trade has flown to new highs eclipsing the \$10 level. Nearby beans were up 70 cents last week and harvest crop up 30 cents. What is amazing is that the market remains bullish and eyes are fixed on the \$11 level. Domestic demand is phenomenal, South American crop looks bad and exports look great. However on Wednesday we saw some of the gains given back. There seemed to be signs of a resolution of the Brazilian port strike and dollar looked to be gaining strength. However the last hour of Wednesday’s trade was dominated by a CBOT change in bean oil margin requirements. The increase prompted the funds to liquidated thousands of positions in the bean complex hitting front month beans with a 37-cent drop. This raises a question – is this just a reaction to the margin change, a technical question or just some profit taking? Whatever it might be hedging advisors suggest doing nothing with new crop (a speculative move yes – but it makes sense). From the bull side – it will take a while for the Brazilian port backlog to clear, the bullish items (strong demand and weak supply) look the same, and South American forecasts suggest no rain for 10 days. On the bear side – one good rain will help things enormously in South America. Last week corn rallied on spillover support from beans and the December contract rose to \$3.10 but the market is really just waiting for the upcoming planting and stocks report. Most are expecting an acreage number at 80.5 million. Some believe that corn might be overpriced at \$3 but if you factor in high soy prices, solid feed demand and strong global demand one has to question that. Corn followed beans when they reversed direction but it was hard to call that a spillover when the traders didn’t seem to have any problems ignoring bean movements by following the downward trend and collecting some profits. Maybe prices have reached their peak but that does not take away from the fact that acreage and yields have to increase this year to keep up with demand. Last week wheat spiked up 25 cents prompted by great export news (Iraqi and Egyptian purchases) and massive fund buying. However Wednesday the CBOT also announced an increase in wheat margins and there was also fund liquidation in this market. However, unlike the bean market contracts bounced back off their lows suggesting that the fund response in the bean pit might not have been purely margin based. The wheat market still is waiting for the final word on possible Iraqi tenders. Lastly, this week it was revealed that the NYBOT is to launch world ethanol futures and options contracts. It trades next to sugar (over 60% of the world’s ethanol comes from sugar) but this development shows the growing importance of ethanol and will have an impact on corn and barley based ethanol in terms of price discovery and possibly hedging activity.

BASIS TABLE

LOCATION	CORN BASIS		SOYBEAN BASIS		WHEAT BASIS	
	CASH(Mav04)	NEW(Dec04)	CASH(Mav04)	NEW(Nov04)	CASH(Mav04)	NEW(Jul04)
Western MD	+30	N/A	N/A	N/A	-59	N/A
Central MD	+15	+5	-70	-35	-6	-12
Southern MD	+17	+5	-22	-25	N/A	-30
Upper E. S	+25	+5	-17	-25	N/A	-26
Lower E. S	+32	+13	-9	-16	N/A	-23

WEEKLY CROP WEATHER SUMMARY

MARYLAND AGRICULTURAL STATISTICS SERVICE

The Weekly Crop Weather Summary will resume in April 2004

CASH GRAINS - REGIONAL - (\$/bu) DEALERS AVERAGE CASH QUOTES								
Grade and Commodity	#2 Y Shelled Corn		#2 Yellow Soybeans		#2 Red Winter Wheat		#3 Barley	
Date	03/17	03/24	03/17	03/24	03/17	03/24	03/17	03/24
Western Md	3.33	3.40	9.21	9.06	3.38	3.53	2.63	2.68
Central MD	3.24	3.25	9.33	9.54	3.82	4.06	2.60	2.60
Southern MD	3.25	3.27	9.79	10.02	----	----	1.50	1.50
Upper E. Shore	3.33	3.35	9.84	10.07	----	----	1.60	1.60
Lower E. Shore	3.40	3.42	9.92	10.15	3.62	----	1.70	1.58
Soybean Meal Lower Eastern Shore Dealer's Average Cash Quotes (\$/ton)								
Date	03/17		03/24		Date		03/17	
48% Soybean Meal	332.00		345.00		44% Soybean Meal		320.00	
FORWARD CONTRACT PRICE-REGIONAL (\$/bu) For Harvest delivery Dealer's Avg Quote								
Grade and Commodity	#2 Y Shelled Corn		#2 Yellow Soybeans		#2 Red Winter Wheat		#3 Barley	
Date	03/17	03/24	03/17	03/24	03/17	03/24	03/17	03/24
Western Md	----	----	----	----	----	----	----	----
Central MD	3.05	3.14	7.20	7.48	3.82	4.04	----	----
Southern MD	3.00	3.04	7.30	7.58	3.64	3.86	1.45	1.45
Upper E Shore	3.05	3.14	7.30	7.58	3.68	3.90	1.55	1.55
Lower E Shore	3.13	3.22	7.39	7.67	3.71	3.93	1.60	1.60
GRAIN FUTURES - Chicago Board of Trade (cents/bu) -Mar 24, 2004								
Corn		Soybeans		Wheat		Soybean Meal <sup>1</sup>		
May	309.50	May	1,023.50	May	412.00	May	317.80	
Jul	315.25	Jul	1,017.00	Jul	416.00	Jul	315.80	
Sep	312.00	Aug	992.00	Sep	419.00	Aug	306.80	
Dec	308.75	Sep	886.00	Dec	425.25	Sep	285.40	
Mr05	310.50	Nov	783.00	Mr05	426.00	Oct	247.30	
May	311.50	Ja05	783.00			Dec	239.40	

<sup>1</sup> \$/ton

HAY AND STRAW							
New Holland, PA - \$/ton - Mar 22, 2004 -151 loads							
Alfalfa		Mixed		Timothy		Orchardgrass	
60.00-172.00		15.00-180.00		45.00-170.00		50.00-160.00	
Westminster, MD - \$/bale - Mar 22, 2004 - 273 Lots							
Alfalfa		Timothy		Mixed Timothy		Grass	
1.00-2.30		1.05-3.60		1.70-3.00		1.40-4.10	
Southern, MD - Regional Farmers' Market - \$/bale - March 20, 2004							
Alfalfa		Timothy Mixed		Mixed Grass		Orchardgrass	
5.00-5.10		4.00-4.60		1.80-4.80		2.50	
POULTRY (Grade A) - Week Ending Mar 27, 2004 - Negotiated Price, (\$/cwt)							
		Current Week		Week Ago		Month Ago	
NY Wtd Avg. (Fryers)		76.39		75.58		76.36	
12 City Composite		76.52		75.30		74.51	
LAMBS - Westminster, MD - \$/cwt - Mar 23, 2004							
Good-Ch		100-120 lbs		105.00-117.00		Ch	
Ch		80-95 lbs		115.00-122.00		M-Good	
TERMINAL MARKETS HOGS - Mar 25, 2004							
DIRECT MARKET HOGS - Westminster, MD- Mar 24, 2004							
Base Price Range		Carcass Basis		Sows (1-3)		1&2	
a.m.		Base 185 lb Hog		300-449 lbs		225-270 lbs	
Eastern Cornbelt		57.75-67.02		32.00-46.00		190-220 lbs	
Iowa, Minn		55.25-68.00		39.05-45.78		45.00-47.00	
Millsboro, DE Market Hogs - (\$/cwt) - Next Sale Apr 6, 2004							
FEEDER PIGS - (\$/cwt) -							
Gumboro, DE -				New Holland, PA -Week-ending Mar 27, 2004			
Head: Trend:				Head: 291 Trend: Mostly slaughter			
Next Sale Apr 20, 2004				20 lbs 175.00-205.00			
CATTLE-LIVE FUTURES-Chicago Mercantile Exchange (\$/cwt) - Mar 24, 2004				HOGS-LEAN FUTURES-Chicago Mercantile Exchange (\$/cwt) - Mar 24, 2004			
Mar		81.70		Aug		73.35	
Apr		77.37		Oct		75.87	
Jun		72.92		Dec		77.32	
STOCKER-FEEDER CATTLE - (\$/cwt)							
Winchester, VA - Mar 22, 2004				Westminster, MD - Mar 23, 2004			
Steers		300-400 lbs		100.00-134.00		Steers	
		400-500 lbs		107.50-121.50		200- 400 lbs	
		500-600 lbs		101.00-116.50		400- 600 lbs	
		600-700 lbs		93.00-106.00		600- 800 lbs	
		700-800 lbs		87.00- 93.50		800-1000 lbs	
Heifers		300-400 lbs		101.00-115.00		1000-1150 lbs	
		400-500 lbs		96.25-111.00		200- 300 lbs	
		500-600 lbs		90.00-107.00		300- 500 lbs	
		600-700 lbs		85.00- 92.50		500- 700 lbs	
		700-800 lbs		78.00- 79.50		700- 900 lbs	
Bulls returning to farm							
#1				95- 120 lbs			
#2				80- 94 lbs			
				95- 120 lbs			
Heifers #1				95- 115 lbs			
#2				80- 105 lbs			
Beef X Bulls & Heifers #1				430.00-455.00			
#2				250.00-385.00			
Lancaster, New Holland & Vintage - Week Ending - Mar 27, 2004							
Bull, Holstein		90-120 lbs		95.00-112.00		Plainer	
Heifers, Hols		90-120 lbs		540.00-650.00		Plainer	
SLAUGHTER CATTLE (\$/cwt)							
Westminster, MD - Mar 23, 2004							
Fed Steers				Fed Heifers			
H-Ch -Pr		1200-1475 lbs		85.00-89.00		H-Ch-Pr	
Ch 2-4		1100-1450 lbs		83.00-86.00		1200-1475 lbs	
L-Ch				79.00-83.00		1000-1175 lbs	
H-Ch Hols		1300-1550 lbs		73.00-78.00		Good Slaughter	
Cows				90- 115 lbs			
Breakers				70- 90 lbs			
Boners				45.00-55.00			
Lean							
Thin & Light							
Lancaster, New Holland & Vintage - Week Ending - Mar 27, 2004							
Steers, Choice, 2-3				1720-1980 lbs			
Heifers, Choice				1100-1345 lbs			
Cows, Breakers 75-80 pct lean				50.50-54.50			
Bulls, YG 1				1370-2210 lbs			
Vealers, Standard & Good				60- 120 lbs			